

# Environment, Land Use and Amenities – the New Dimension of Rural Development

Umwelt, Landnutzung und landschaftliche Schönheit –  
die neue Dimension bei der Entwicklung des ländlichen Raums  
Environnement, utilisation des terres et aménités –  
la nouvelle dimension du développement rural

David A. McGranahan and Kenneth J. Thomson

Environmental issues associated with agriculture have become increasingly important in recent years on both sides of the Atlantic, though how they are treated in the context of rural development differs. In this article, we explore the linkage between environmental and rural development policies in the EU and US and speculate on future developments.

## An EU perspective

In the European Union, concern for the environment has been linked to rural development policy in a number of ways. Until the 1980s, rural development was seen as the responsibility of both the Common Agricultural Policy (CAP) and EU regional policy, each assigned to

separate Directorates-General and with separate funding. Neither then saw environmental conservation or rural development as a major focus, except in mountainous and upland areas. The Less Favoured Areas (LFA) Directive of 1975 authorised increased investment and farm income support 'to ensure the continuation of farming' and to 'conserve the countryside' with a mix of environmental, economic and social aims. The potential for tourism and meeting leisure needs were specifically mentioned in the LFA legislation. The Regional Fund was more concerned with the problems of older industrial areas than rural ones. Aid to rural regions was given because they were relatively poor, not because of their land use, natural environment or countryside appearance.

“ Im Gegensatz zu der Situation in der EU wurde auf US-amerikanischer Bundesebene bislang noch kein expliziter Versuch unternommen, die Naturschutzprogramme in den Geltungsbereich der Politikmaßnahmen zu integrieren, um die Entwicklung des ländlichen Raums voranzutreiben. ”



As environmental issues increasingly entered the political agenda in the 1970s, the CAP began to be assessed in this light. Nevertheless, the joint consideration of agricultural and environmental policies was inhibited until well into the 1980s by factors such as the CAP's continuing emphasis on farm production, reliance on national measures such as land use planning and nature reserves to achieve environmental aims, and the still-developing nature of the European Community. A fundamental problem was the nature of the CAP itself: its emphasis on market price support did not provide a simple basis for introducing environmental cross-compliance – the requirement to observe land management



as focussed on the latter, broadly defined. Policies were to include both farm-based and agri-environmental measures, as well as more ‘rural’ funding, as a way of promoting a ‘multifunctional’ European ‘model of agriculture’. The role of agriculture was no longer seen as providing sufficient jobs to sustain the rural economy, but as one of supporting a ‘way of life’, helping to maintain an attractive and clean environment, and contributing to the development of a higher value-added food chain. These aims, to be pursued under a comprehensive Rural Development Regulation (RDR), fitted neatly under the Lisbon and Gothenburg summit aims of competitiveness and sustainable development.

It is increasingly recognised that there is a link between economic activity in rural areas and the rural environment that agriculture can help to create. While this thinking was present at the outset in Less Favoured Area support to farmers, it now applies much more generally. Within the EU legislative framework for rural development for the period 2000–06, assistance to organic farm production was viewed primarily from the perspective of environmental benefits, but there was the obvious economic potential for farmers to capture greater value added. More generally, economic benefits from land management by

practices aimed at conserving soil, water, air quality, wildlife and landscape. At that time, the provision of significant incentive payments for environmental benefits from agriculture would have added to the growing budgetary burden of disposing of surplus agricultural products. As a result, environmental measures were modest: only weak stocking limits were specified in order to receive direct payments under LFA schemes, and voluntary agri-environmental measures entered the CAP only slowly towards the end of the 1980s.

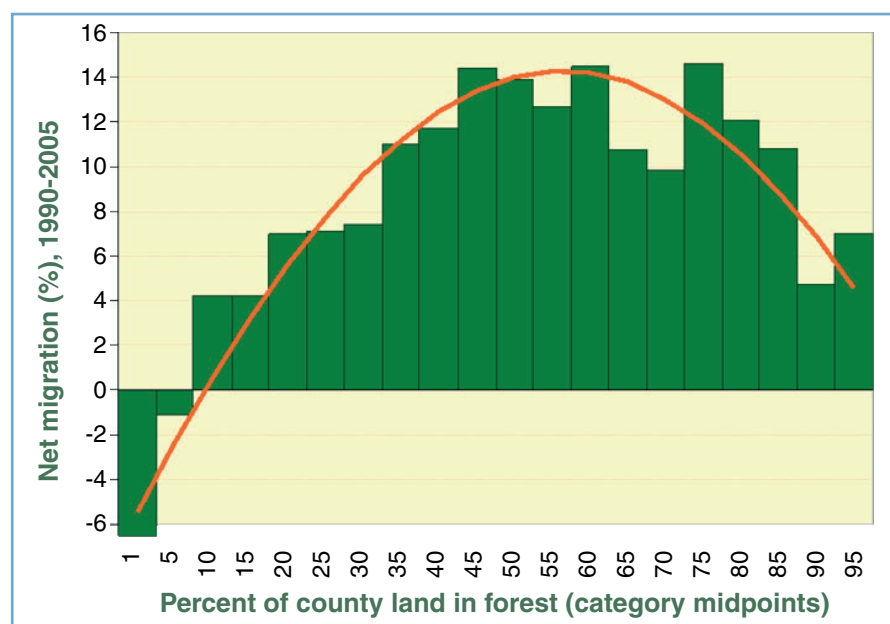
There were more targeted efforts to limit the negative effects of agricultural intensification. These were reflected through the Birds and Habitats Directives (nos. 79/409 and 92/42, respectively), which laid the foundation of the Natura 2000 network of protected sites that now cover nearly 20 per cent of the EU-27 area. A broadening of environmental legislation followed the 1986 Single European Act endorsement of environmental protection as an EU responsibility. This resulted in such measures as required environmental impact assessments for many development projects, and the Nitrate and Water Framework Directives. All these steps have led to stricter regulation of farming in many parts of the EU.

On the incentives side of the equation, the 1992 MacSharry reforms

of the CAP introduced compulsory (for Member States) ‘accompanying measures’ that boosted expenditure on environmental support and rural development to about 10 per cent of total CAP expenditure by 2000. However, the shift of spending to new areas was not dramatic. The Agenda 2000 agreement did not increase the share of funds spent on environmental and rural development measures, and neither did the 2003 and 2005 financial agreements.

But Agenda 2000 did consolidate and clarify the link between agri-environmental and rural development policy by defining Pillar II of the CAP

**Figure 1: County land in forest and rural US net migration, 1990–2005**



Source: 1990 and 2000 Censuses of Population and vital statistics records

agriculture and forestry are seen to derive not only from contributions to tourism but also from the in-migration of people with high disposable incomes seeking an attractive place to live. Quality of life can be a major factor in the development process, especially in more scenic areas. Firms can be attracted by a pleasant working environment and by opportunities to exploit the market perceptions of 'greenness' and quality, covering both food and non-food items, associated with production in a high-quality environment. In most rural areas of the EU, the impact of the environment on rural jobs and incomes from other sectors is likely to be far more significant than through its effects on agriculture.

As yet there is a scarcity of analytical literature on the strength of the relationship between environmental quality and rural economic development. Property prices in scenically attractive regions of the EU suggest a strong association between income and desirable residential

locations. But Park *et al.* (2004) found that, for England, 'environmental quality has only been a minor variable in the [rural] economy over the study period (1996–2001) [although] it may become much more significant over the next few decades'. Rural tourism is an obvious area of economic activity often linked to attractive landscapes, but generally does not generate adequate and reliable year-round incomes for local residents. There is, however, evidence of synergies between farming and rural tourism (Van Huylenbroeck *et al.*, 2006).

The Rural Development Regulation (RDR) for 2007–2013 continues the general approach of the previous period, but there has been little change in funding after Pillar II (unlike Pillar I for market and income support) fell victim to overall EU budget constraints in the 2005 settlement. However, the addition of 12 new Member States has thrown up a number of policy challenges for both agri-environmental and rural development policy. Most of the new

members are primarily concerned with increasing agricultural competitiveness and reducing rural depopulation. As a result, they are allocating a smaller share of total funding to agri-environmental measures than in most of the 'old' Member States. While a minimum share (20 per cent) of spending on the three RDR 'Axes' (agricultural competitiveness, land management, and improved 'quality of life' via diversification of the rural economy and infrastructure improvement) are ensured, differences in national attitudes to these often-competing objectives are leading to widely varying applications of the framework now in place among Member States.

The Commission's 'Health Check' of the CAP to be carried out in 2008 will assess the current approach to agri-environmental policy (as well as older schemes such as the LEAs), and compare this to more targeted schemes aimed at particular amenities and regions. Commissioner Mariann Fischer Boel has repeatedly stated



her wish to strengthen Pillar II by increasing compulsory modulation (the formula that switches funds from Pillar I to Pillar II) from the current level of 5 per cent of direct farm payments. However, there are many competing demands (as indicated by the Axes just mentioned) and these are continually being enlarged, e.g., by efforts to cope with climatic change, energy concerns, and water management. Farmers and national governments, which co-finance RDR measures and in many cases see a 'loss' of modulated funds to other countries, seem likely to object. Given that the current system is still settling down, it seems much more likely that any fundamental change in thinking will occur in the run-up to a more fundamental assessment in 2014 and beyond. Nevertheless, the

“ Contrairement à ce qui se passe dans l'Union européenne, il n'y a eu aux États-Unis aucune tentative explicite au niveau fédéral d'intégrer les programmes de conservation des terres au sein des politiques de promotion du développement rural. ”

national implementations of the current RDR and perhaps improved evidence of positive linkage between environmental conservation and non-agricultural economic activity should provide a basis for a restructured EU strategy focussing on land use and rural amenities.

Any such strategy will need to take a further look at the way policy is organised and administered, as present arrangements do not seem to draw the most from the linkages between environment and economic impacts, e.g., in terms of maximising consumer preferences for



environmentally friendly methods of food production, or rewarding tourist-attractive landscape maintenance. The World Wide Fund for Nature (WWF) (2001) reported (via 'a series of semi-structured interviews with key officials, stakeholders and expert observers' in ten very different European countries) that ministries of agriculture play the dominant role in rural development policy, and that: 'few countries report that the ministry of the environment has been a key actor in driving rural development policy. In several cases they have been scarcely consulted in the process of drawing up rural

development plans. In this sense, integration has made alarmingly little progress.' This, surely, is a situation under which substantial improvement is possible.

### A US perspective

The US Department of Agriculture (USDA) manages a wide variety of programmes designed to mitigate the effects of agriculture on soil stability, water and air quality, and, for the past 10 years, wildlife habitat. Participation is generally voluntary and payments are made to farmers who choose to enrol, although farmers with highly erodible land are



required to adopt conservation practices to be eligible for price and income support under commodity programmes. Total expenditure for USDA conservation programmes is expected to approach US\$5 billion in 2007, roughly double that at the beginning of the decade. The most rapidly growing environmental programmes involve stewardship of working lands, which now account for about a fourth of the USDA conservation budget. However, over half the total outlays for conservation involve the withdrawal of land from agricultural production for extended periods through the Conservation Reserve Program (CRP), making it by far the largest environmental programme. The 34 million acres (14 million ha) taken out of production (set aside) under the CRP were equivalent to roughly 3.5 per cent of all US farm land in 2004 and 10 per cent of all cropland. The proportion of cropland set aside varies across the country, with many counties, primarily in the South, at the legal maximum of 25 per cent.

Unlike the situation in the EU, there has been no explicit attempt at the US Federal level to include conservation programmes within the ambit of policies to promote rural development. Rather, environmental conservation and economic aspects of rural development tend to be seen as trade-offs in the United States. This is illustrated by the following statement from a recent USDA 'Farm Bill Theme Paper' summary: 'Conservation policy needs to balance the economic viability of producers and their communities with environmental policy.' (USDA, 2006). The belief is that programmes limiting agricultural production (and consequently income) have negative consequences for rural economies through their dampening effect on farm-related businesses – reduced demand for machinery and other inputs and for marketing services, for example. Rural development programmes themselves have largely focused on physical infrastructure and business formation in rural communities, with scant attention paid to the countryside.

There is one partial exception. State and non-profit organizations in the US have programmes for the purchase of conservation easements (development rights) on farm land, often to prevent this being divided into small parcels for housing. The Federal government has a small (US\$48 million in 2007) fund in the Farm and Rural Lands Protection Program to help fund such purchases. While the protection of 'historical or archaeological resources' is included as a goal of the programme, the 2007 announcement indicated that, to be eligible, the purpose of limiting the conversion of land to non-agricultural uses must be that of protecting topsoil.

Though it does not play the same role as in the EU, there is nevertheless an important link to be found in the US between the environment and economic activity in rural areas. There is growing evidence that the nature and management of the countryside are becoming key elements in rural growth in the United States. Higher



urban incomes have boosted recreational industries in rural areas and created more seasonal residents. Smaller rural families and a rising proportion of students attending (urban) post-secondary schools have meant that rural communities now must attract young families, mid-life career-changers, and retirees if they hope to maintain the size of their population. Rural earnings are lower than urban earnings, particularly for university graduates, so rural quality

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of life has become a major motivation for urban-to-rural migration. Studies of residential preferences by size of place show that people are not attracted to small towns, but to the countryside.

However, not all rural areas are created equal. European, Asian, and US research on landscape preferences has consistently found that people prefer landscapes with open vistas and clumps of trees, a water source, and topographic variation – park-like settings. In the US, these preferences appear to have a strong bearing on recent rural migration. The graph of non-metropolitan (rural) net migration in 1990–2005 indicates that inward migration was considerably higher in counties with a mix of forest and open land than in counties with either little or extensive forest (Figure 1). Overall, the extent of forest coverage seems to explain over 20 per cent of the variation in rural net migration in 1990–2005, whether we consider the 20-category scale or a quadratic equation (orange line) in the diagram. The existence of varied topography, the presence of water bodies, and scarcity of cropland are

other landscape qualities positively associated with migration to rural areas in the US and these associations are robust to a variety of statistical controls (McGranahan, forthcoming). As an example, analysis indicates that (other things being equal) non-metropolitan Iowa counties, which had on average no net migration in the 1990s, would have had an average gain of 7.5 per cent if they had been 50 per cent forest and 25 per cent cropland, instead of the actual 7.5 per cent cropland and 5 per cent forest.

Given these results, it is not surprising that, in a comprehensive study mandated by the US Congress, the USDA's Economic Research Service found no long-term negative effect on employment or population in rural counties from taking agricultural land out of production through the CRP (Sullivan *et al.*, 2004). Explanations for the lack of long-term negative effects include offsetting growth in employment through recreation (wildlife viewing, fishing, and hunting), but the greater attractiveness of the countryside to potential residents may also have played a role.

The changing relationship between land use and rural development has not escaped the attention of state and local groups. For instance, in 1979 Iowa was ranked as the state with the least amount of remaining natural vegetation. In what may represent a real change of heart, a recent conference involving Iowa state and local agencies and associations was devoted to 'Using Land and Natural Resources to Revitalize Rural Iowa'. The central issue was the use of natural resource amenities to create economic opportunities. As noted earlier many states and non-profit organizations have programmes to purchase developmental rights. While the US Department of Agriculture programme limits participation to farm and ranch land, this is not necessarily a limitation on other entities.

Major Federal conservation programmes such as the CRP have the potential to play an important supportive role in rural development efforts, particularly because many of the areas with extensive cropland are those where little public land is available for recreation or for creating attractive landscapes. However, if current environmental programmes in the United States are to play a major role in stimulating rural development some important issues must be faced. Since participation is voluntary, land in the CRP tends to be scattered across the countryside. This limits potential impacts on biodiversity, recreational opportunities, visual attractiveness, and other benefits. Also, provisions for public access are not part of the CRP. The lack of such provisions could hamper area development

### Divergent views, common needs

There is growing recognition on both sides of the Atlantic that the natural environment helps shape rural growth by affecting the appeal of local areas for residence and tourism. While in the EU using resources to conserve the countryside is seen as generating economic benefits in addition to



environmental aims, in the US the predominant view so far seems to stress the potential conflict between these two areas of policy. What is needed in both the EU and US is a clearer understanding of the particular environmental attributes or qualities that are critical for rural growth. Recent research on landscape

preferences appears to provide some information on this in the US, but the situation in the EU is more complex as many agricultural landscapes are imbued with socio-cultural significance, which in addition to intrinsic value may itself attract residents and tourism.

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David A. McGranahan, Economic Research Service/USDA, Washington DC, USA.  
Email: [dmcg@ers.usda.gov](mailto:dmcg@ers.usda.gov)

Kenneth J. Thomson, Emeritus Professor, Department of Geography & Environment  
University of Aberdeen, Scotland, UK.  
Email: [k.j.thomson@abdn.ac.uk](mailto:k.j.thomson@abdn.ac.uk)

# summary

## Environment, Land Use and Amenities – the New Dimension of Rural Development



While agriculture, environmental conditions, and rural development are concerns common to both sides of the Atlantic, their interrelationships are viewed quite differently. For the EU, agriculture is seen as a means of sustaining the countryside; keeping it attractive to tourists and prospective residents. Farmers are stewards of the land and as such a key to rural development. For the US, agriculture and the environment are seen in potential conflict. Most of the expenditure on conservation goes to keeping environmentally sensitive cropland out of production. At the national level at least, the appeal of the countryside is not seen as a means to rural development, so that conservation programs tend to be seen as a threat to rural development by reducing the use of local off-farm services. Part of the difference in viewpoint may stem from the greater socio-cultural significance of agricultural landscapes in the EU. However, recent research in the US suggests that landscape is important in attracting new rural residents and visitors and there is growing recognition on both sides of the Atlantic that the natural environment helps shape rural growth. More research is needed on the relationship between the environment and rural development as unsupported assumptions seem to underlie policies in both regions.

## Environnement, utilisation des terres et aménités – la nouvelle dimension du développement rural



L'agriculture, l'état de l'environnement et le développement rural font l'objet de préoccupations communes des deux côtés de l'Atlantique, mais les liens entre ces éléments sont vus de manière relativement différente. Pour l'Union européenne, l'agriculture est considérée comme un moyen de conserver les espaces ruraux en maintenant leur attractivité pour les touristes et les résidents potentiels. Les agriculteurs entretiennent les terres et par ce rôle, ils sont des acteurs clés du développement rural. Aux États-Unis, l'agriculture et l'environnement sont considérés comme en conflit potentiel. L'essentiel des dépenses de conservation est destiné à maintenir les terres arables sensibles au plan environnemental en dehors de la production. Au niveau national tout du moins, l'intérêt pour la campagne n'est pas considéré comme un moyen de développer les zones rurales. Les programmes de conservation sont donc souvent considérés comme une menace pour le développement rural car ils réduisent l'emploi des services locaux hors de l'exploitation. Une partie de la différence de point de vue pourrait avoir pour origine le plus grand intérêt porté aux paysages agricoles dans l'Union européenne. Des recherches récentes menées aux États-Unis suggèrent cependant que le paysage est un élément important d'attraction pour les nouveaux résidents ruraux et pour les visiteurs, et qu'il existe des deux côtés de l'Atlantique une reconnaissance de plus en plus grande du rôle de l'environnement naturel dans la croissance des zones rurales. Les relations entre l'environnement et le développement rural devraient faire l'objet de davantage de recherches car des hypothèses sans fondement semblent orienter les politiques dans les deux régions.

## Umwelt, Landnutzung und landschaftliche Schönheit – die neue Dimension bei der Entwicklung des ländlichen Raums



Landwirtschaft, ökologische Bedingungen und die Entwicklung des ländlichen Raums sind diesseits und jenseits des Atlantiks von Belang; ihre wechselseitigen Beziehungen werden hingegen sehr unterschiedlich betrachtet. In der EU wird die Landwirtschaft als Mittel angesehen, das Landschaftsbild aufrecht zu erhalten und für Touristen und potenzielle Anwohner attraktiv zu gestalten. Die Landwirte verwalten das Land und spielen daher bei der Entwicklung des ländlichen Raums eine entscheidende Rolle. In den USA stehen Landwirtschaft und Umwelt potenziell im Widerspruch zueinander. Der größte Teil der Ausgaben für den Naturschutz wird darauf verwendet, die Umwelt gefährdendes Ackerland aus der Produktion heraus zu halten. Zumindest auf nationaler Ebene wird eine reizvolle Landschaft nicht als ein Mittel zur Entwicklung des ländlichen Raums angesehen; Naturschutzprogramme werden eher als Bedrohung für die Entwicklung des ländlichen Raums empfunden, da diese die lokalen außerlandwirtschaftlichen Aktivitäten einschränken. Möglicherweise rühren diese unterschiedlichen Ansichten teilweise von der größeren soziokulturellen Bedeutung her, welche den Agrarlandschaften in der EU beigemessen wird. Die neuesten Forschungsergebnisse aus den USA legen es jedoch nahe, dass die Landschaft entscheidend ist, um neue Anwohner und Besucher des ländlichen Raums anlocken zu können. Diesseits und jenseits des Atlantiks wächst zunehmend die Erkenntnis, dass eine naturbelassene Umwelt dazu beiträgt, das Wachstum im ländlichen Raum auszugestalten. Die Beziehung zwischen der Umwelt und der Entwicklung des ländlichen Raums muss weiter erforscht werden, da den Politikmaßnahmen beider Regionen unbestätigte Annahmen zu Grunde zu liegen scheinen.